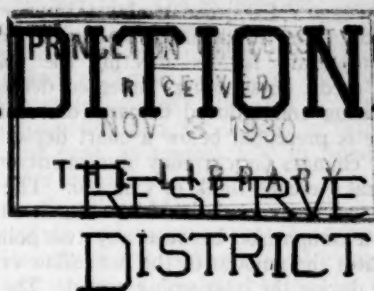
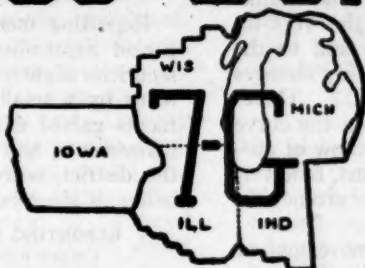


BUSINESS CONDITIONS

SEVENTH
FEDERAL



Volume 13, No. 11

MONTHLY REVIEW PUBLISHED BY THE
FEDERAL RESERVE BANK OF CHICAGO

October 31, 1930

General Summary

SEASONAL gains characterized activity during September in many lines of Seventh district industry and trade. Comparisons with 1929 continued unfavorable, although in some instances the spread was less noticeable than in recent months. Steel mills increased operations slightly during the period, and the furniture industry displayed improvement both in output and new orders booked with smaller declines recorded from last year than since early spring. Automobile production failed to gain, but the recession from August was less than seasonal. Output of bituminous coal from fields in the district increased seasonally, and building contracts gained, owing to an increase in residential projects. Movement of building materials, aside from lumber, was small. Employment data through the middle of September continued with few exceptions to show further recession.

The expansion recorded over the preceding month in all reporting lines of wholesale trade was largely seasonal, but department store sales gained somewhat more than usual during the month of September and the decline from a year ago was smaller than in the summer months. Distribution of automobiles in this territory fell off as is customary between August and September.

October 1 estimates of corn production in the district were slightly higher than a month previous, and pastures improved a little in this period. Winter wheat is up in certain sections and in excellent condition. Movement of wheat through primary markets from the beginning of summer through September totaled about the same as during the same period last year; corn and oats moved in limited volume during September. Production and

sales at meat packing plants gained over August, while the volume of butter and cheese produced and shipped declined in the comparison. Activity in all three commodities was below a year ago.

Loans on securities by member banks were reduced slightly between the tenth of September and the middle of October, while commercial loans and the banks' investments gained a little. Member bank borrowings from the Federal Reserve Bank registered a very slight increase during the period. Money rates showed practically no change.

Credit Conditions and Money Rates

A slight increase in member bank borrowings at the Reserve bank—one-half million—is shown by the accompanying analysis of factors affecting member borrowing between September 10 and October 15. A gain of nearly 45 millions of funds through inter-district settlements for commercial and financial transactions, slightly greater holdings of acceptances (local transactions), and a small drop in non-member bank clearing balances were more than offset by the aggregate of changes tending to increase member bank borrowings. Of these, an excess of nearly 25 millions in local Treasury receipts over expenditures, a gain of approximately 12½ millions in member bank reserve balances, and increased demand for currency were the more important.

FACTORS IN MEMBER BANK BORROWING AT THE FEDERAL RESERVE BANK OF CHICAGO

Changes between September 10 and October 15, 1930
(In millions of dollars)

Changes making for increase in member bank borrowing:		
1. Excess of local Treasury receipts over expenditures.....	24.85	
2. Increase in member bank reserve balances.....	12.53	
3. Increase in demand for currency.....	5.32	
4. Decrease in reserve bank float.....	3.87	
5. Increase in unexpended capital funds.....	0.33	
6. Decrease in holdings of U. S. securities (local transactions).....	0.17	
7. Sales of gold to industry.....	0.13	
Total.....	47.20	
Changes making for decrease in member bank borrowing:		
1. Funds gained through inter-district settlements for commercial and financial transactions.....	44.48	
2. Increase in holdings of acceptances (local transactions).....	1.91	
3. Decrease in non-member clearing balances.....	0.28	
Total.....	46.67	
Excess of changes making for increase in member bank borrowing:	0.53	
Absorption of this excess: Increase in member bank borrowings (discounts for member banks).....	0.53	

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	OCT. 15 1930	CHANGE FROM SEPT. 10 1930	OCT. 16 1929
Total Bills and Securities.....	\$114.7	\$+1.0	\$-114.4
Bills Discounted.....	13.6	+0.5	-136.7
Bills Bought.....	20.0	+0.7	-30.0
U. S. Government Securities.....	81.1	-0.2	+57.3
Total Reserves.....	439.3	+5.2	-30.7
Total Deposits.....	361.3	+11.3	-0.3
Federal Reserve Notes in Circulation.....	152.6	-12.5	-151.2
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined.....	85.4%	+1.2*	+14.8*

*Number of Points.

Compiled October 27, 1930

WEEKLY CHANGES IN DEMAND FOR CURRENCY

Changes in the demand for currency constitute one of the important factors affecting the volume of reserve bank credit outstanding, increased demand for currency increasing and reduced demand decreasing this volume. There is presented below a chart depicting the week-to-week changes in currency movement from and to the Federal Reserve Bank of Chicago. The weekly changes as shown are cumulative from March 31, 1927. Therefore, a comparison between any two points on the curve indicates the amount of the net inflow or outflow of currency during the intervening period. The chart, however, is not designed to show the aggregate of currency in circulation.

The method used in arriving at the net movement of currency between the Reserve bank and other banks in the district consists essentially in measuring the changes in the Reserve bank's holdings of cash and its Federal Reserve note circulation, and making allowances for cash transactions through the Treasurer's account and gold operations, mainly gold sold to industry.

Federal Reserve districts are characterized mainly in respect to the character of the major activities therein, either as industrial and financial or agricultural. The Chicago district is composed of both factors and as a result a curve plotted to show the currency movements in this particular district does not have the frequent and abrupt changes typical of one characterizing a financial section, such as New York, nor is it so smooth a curve as one for an essentially agricultural district.

Throughout the period to which the accompanying chart relates, the curve shows an upward trend reflecting a persistent net outflow of currency from the Chicago Reserve bank. Furthermore, the chart clearly indicates that the demand for currency reaches its seasonal peak during the Christmas holidays, reflecting the heavily increased volume of retail trade with resulting need for hand-to-hand currency, as well as other requirements arising from Christmas gifts, increased travel, increased consumption of food, etc. This seasonal peak is followed by a heavy return flow of currency. Other holidays, such as Memorial Day, Fourth of July, and Labor Day, also exert a definite effect on currency demand. There is normally each year an increased demand for currency during the fall months, usually first apparent in August when there arises a need for cash to be used for paying harvest hands, to meet seasonally larger factory payrolls, as well as to fill requirements for hand-to-hand currency



for the Labor Day holiday. The peak shown on the chart during July 1929 not only represented holiday requirements over the Fourth, but also a demand for the new small-size currency issued on July 10 of that year.

MEMBER BANK CREDIT

Reporting member banks in the district during the period September 10 to October 15 reduced loans on securities slightly and increased "all other" (commercial) loans by a small amount, and their holdings of investments gained slightly. A comparison of the loans and investments, and deposits of reporting member banks in the district, segregating the data for Chicago reporting banks, is given below:

REPORTING MEMBER BANKS, SEVENTH DISTRICT

Changes between October 16, 1929 and October 15, 1930
(In millions of dollars)

	ALL REPORTING BANKS, 7TH DISTRICT	REPORTING BANKS IN CHICAGO	ALL OTHER REPORTING BANKS 7TH DISTRICT
Total Loans and Investments.....	-43	+46	-89
Loans on Securities.....	-63	+0	-63
All other Loans.....	-125	-69	-56
Investments.....	+145	+115	+30
Net Demand Deposits.....	-30	+31	-61
Time Deposits.....	+109	+101	+8

It will be noted from the foregoing table that deposit aggregates—time and demand—showed a considerable increase, while loans and investments decreased, investments alone, however, gaining extensively. In Chicago the total loans and investments increased in contrast to a decline for all reporting member banks, and the gain in deposits was more marked. The increase in deposits with no compensating growth in total loans and investments, reflects the recession in business during the year, an inflow of gold into the country, and a reduction in currency in circulation.

Sales of commercial paper by reporting dealers in the Middle West showed a further decline of 15 per cent in September to the lowest level of any month since last December, and were less than in seasonal volume, though 60 per cent in excess of last year. Demand continued fair to good, but only a limited amount of financing by means of commercial paper was necessary, as business remained at a low level. Commercial paper outstandings in the Middle West were substantially the same on September 30 as a month earlier but totaled 25 per cent more than a year ago. Quotations for September ranged from 3 per cent for low to 3½ and 3¾ per cent for high, with the customary charge 3 to 3¼ per cent. Sales were less during the first half of October than in the corresponding weeks of September, due to a further decline in the supply of paper. Rates closed on October 15 at 3 to 3½ per cent, with a few short-term notes going at 2¾ per cent and most transactions at 3 to 3¼ per cent.

Transactions in bankers' acceptances remained heavy during September, according to a compilation of the re-

CONDITION OF REPORTING MEMBER BANKS, SEVENTH DISTRICT

(Amounts in millions of dollars)

	OCT. 15 1930	SEPT. 10 1930	CHANGE FROM OCT. 16 1929
Total Loans and Investments.....	\$3,387	\$ -6	\$ -43
Loans on Securities.....	1,281	-25	-63
All other Loans.....	1,309	+9	-125
Investments.....	797	+10	+145
Net Demand Deposits.....	1,920	-9	-30
Time Deposits.....	1,341	-0	+109
Borrowings from Federal Reserve Bank.....	3	+2	-117

ports from a selected group of accepting banks in the Seventh Federal Reserve district. These banks continued to discount their own acceptances in substantially the same liberal volume as during August, although some decline took place in the aggregate value of bills accepted; a large quantity of eastern bills was also purchased. Further expansion in total sales was recorded in September. Holdings of bankers' acceptances decreased on September 30 from a month previous but were considerably in excess of the limited volume a year ago. Liability for outstanding bills remained at a relatively high level. Acceptances during the first half of October totaled considerably greater in value than during the corresponding weeks of September, principally because of increased financing of iron and steel, sugar, rubber, coffee, dollar exchange, textiles, furs, hides, paper, and wool.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN SEPTEMBER 1930 FROM AUGUST 1930	SEPTEMBER 1929
Total value of bills accepted.....	-9.1	-0.8
Purchases.....	+0.7	+120.2
Sales.....	+5.5	+104.6
Holdings*	-16.1	+603.0
Liability for outstandings*	+0.1	+15.6

*At end of month.

Operations in the Chicago bill market remained in small proportions during the five weeks ended October 15. Most of the moderate supply available to dealers was sent to the East for distribution because of a limited demand for these acceptances in the Middle West. Sales in Chicago declined to a new low level, with demand from local banks exceptionally light and with restricted buying on the part of out-of-town banks, although the latter showed improvement over the preceding period. Rates remained steady, closing on October 15 at $1\frac{3}{8}$ per cent for 30-day offerings to $2\frac{1}{4}$ per cent for those of 180 days. Holdings continued to be moderate but were substantially greater than the low figure of September 10.

AVERAGE WEEKLY TRANSACTIONS OF REPORTING DEALERS IN THE CHICAGO BILL MARKET
September 11 to October 15, 1930

	PER CENT CHANGE IN COMPARISON WITH PERIOD FROM AUGUST 14 TO SEPTEMBER 10 1930	SEPTEMBER 12 TO OCTOBER 16 1929
Bills purchased.....	-17.6	-30.3
Bills sold.....	-38.0	-71.7
Holdings*	+137.8	-48.2

*At end of period.

Rates continue to reflect the existing ease in money, and show little change from the levels at mid-September. The prevailing rate on commercial loans in Chicago during the week ended October 15, as reported by six large downtown banks, was $3\frac{1}{2}$ to $5\frac{1}{2}$ per cent, as was the case a month earlier; ten smaller banks, for the most part so-called "outlying banks," showed a range of 3 to 6 per cent on this class of accommodation as against $3\frac{3}{4}$ to 6 for

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	SEPT. 1930	PER CENT OF INCREASE OR DECREASE FROM AUG. 1930	SEPT. 1929
Chicago.....	\$3,669	+3.6	-26.1
Detroit, Milwaukee, and Indianapolis	1,332	-7.4	-30.0
Total four larger cities.....	\$5,001	+0.4	-27.2
34 smaller centers.....	878	-0.4	-18.4
Total 38 centers.....	\$5,878	+0.3	-26.0

the week of September 15. The average rate earned on loans and discounts by six large downtown banks in Chicago during the month of September was reported as 4.68 per cent, a drop of 2 points from the 4.70 per cent in August, and compared with 6.45 per cent in September 1929. The corresponding item for Detroit in September 1930 was 5.68 per cent, as against 5.70 in August and 6.36 per cent a year ago.

SECURITY MARKETS

Continued strength and activity with rising prices on the high grade issues featured trading in the Chicago bond market during September. In the latter half of the month, new high levels for the year were reached by some of the leading rail, utility, and industrial issues. New bond offerings were only moderate in volume and generally well received. Foreign bonds moved irregularly during September, the German and South American issues in particular showing declines in response to political difficulties. As in previous months, institutions continued to be the largest purchasers of bonds. The general firmness throughout the market was evident up to the second week in October, at which time the rather severe break in stock values caused liquidation and a downward trend in prices. On the Chicago Stock Exchange prices have been declining since early in September, and on October 11 the average price of twenty leading stocks (*) at \$94.97 reached a new low point for the year.

*Chicago Journal of Commerce.

Agricultural Products

Seventh district corn ripened rapidly during September and reached maturity this year in advance of killing frosts; stalks in some parts of Iowa were tangled by high winds. Estimates of the 1930 production have been revised slightly upward from September 1, as yields have been somewhat better than anticipated earlier. There is unmistakable evidence, however, that a hundred pounds of ear corn from the present harvest contains approximately $6\frac{1}{2}$ per cent less feed, on a shelled basis, than ordinarily. Furthermore, a portion of the 1930 crop had been consumed before October 15, many dairy cattle having been placed on winter rations one to two months earlier this season than is usual, owing to a lack of sufficient pasturage. Frosts during the last week of September killed garden truck and stopped the plant growth of other crops throughout most of the district. Fall plowing and the seeding of winter grains and grasses have been making considerable progress since recent rains; pastures have improved to some extent but are only fair. Winter wheat is up in some localities, and is reported as in excellent condition and as having a good stand. Corn cutting and husking, silo filling, potato digging, and the

SAVINGS DEPOSITS—SEVENTH FEDERAL RESERVE DISTRICT
As Reported on October 1, 1930, by a Selected List of Banks

	NUMBER OF BANKS REPORTING	NUMBER OF ACCOUNTS PER CENT CHANGE FROM AUGUST 30 1930	NUMBER OF ACCOUNTS PER CENT CHANGE FROM OCTOBER 1 1929	VOLUME OF SAVINGS DEPOSITS PER CENT CHANGE FROM AUGUST 30 1930	VOLUME OF SAVINGS DEPOSITS PER CENT CHANGE FROM OCTOBER 1 1929
Illinois.....	48	+0.4	-0.3	+1.4	+5.3
Indiana.....	34	-1.0	-4.3	-1.0	+0.6
Iowa.....	36	-0.2	-1.4	-1.0	+0.1
Michigan.....	24	-0.4	-6.8	-0.2	-6.7
Wisconsin.....	49	+0.2	-0.1	-0.0	-6.8
Seventh District...	191	-0.0	-2.8	+0.3	-1.1

harvesting of other autumn crops are well under way. Potatoes in the district have yielded poorly and are small in size.

GRAIN MARKETING

September figures on movement of wheat at primary markets brought the totals of both receipts and shipments since July 1 to approximately the volume of the same period last year. In 1930, receipts in July and September were greatly in excess of the same months of 1929 when the peak of receipts was during the period of good prices in August. The smaller August receipts this year were due in part to holding for better prices and partly to farmers' maintaining feeding reserves against the shortage of corn. This year's September shipments, while smaller than in August, were larger than a year ago, considerable quantities of wheat being taken by those feeders who usually buy corn in the market. Millers have also bought more heavily than last year. Exports have declined in recent weeks, although the total since July 1 was about 10 million bushels greater at the end of September than on the corresponding date of last year. Prices declined, Canadian and Russian selling influencing prices abroad, while large surpluses continue to affect the domestic market. Cash prices followed futures downward during September, and in the second week of October the lowest price since 1914 was recorded.

Corn moved in restricted volume at interior markets, owing to its shortage and high price. Receipts were lower than for any month since May 1929 and shipments the smallest since November 1929. The movement of oats was also small. Cash corn declined in price during September and early October, but remained at all times higher than wheat. Oats averaged lower than in August.

MOVEMENT OF LIVE STOCK

A more than seasonal increase in cattle marketings took place during September in the United States, with receipts at public stock yards at the highest level since the preceding October—the usual trend—and showing the smallest decline from the 1925-29 average since spring. Factors contributing to the gain were more favorable prices than in August, marketing of cattle withheld earlier in the season, and the prospect of limited feed supplies. Hog receipts remained moderate, although the volume

was greater than in August and for the first time in eleven months in excess of the five-year average. Lamb marketings showed an expansion, as is customary in September, remaining considerably above a year ago and the usual level for the month. Purchases of cattle and lambs for feed lots, though not large for this season of the year, were much greater than in August.

MEAT PACKING

Slaughtering establishments in the United States increased production approximately one per cent in September over the preceding month, the decline of 5 per cent in volume from last year being less marked than in either August or July; this recession was entirely attributable to the small supply of hogs available in 1930. Payrolls at the close of the period recorded little change in number of employees or aggregate earnings from August, although the number of hours worked decreased by about one per cent. Domestic demand in September averaged moderate for beef and veal, though lagging at times; fair for fresh pork and smoked ham; fair to good for lard; and good for lamb, bacon, and boiling hams. The total value of sales billed to domestic and foreign customers exceeded that of August by 4 per cent, but was 19 per cent less than in the corresponding month of 1929. General unemployment throughout the country, a small export business, lessened farm income in 1930, and the low level of prices for packing-house products remained contributing factors in the decline from a year ago. Quotations for pork products trended downward after reaching higher levels at the beginning of September, but the average for the month as a whole was slightly higher than in August; prices of beef and veal advanced, while those of lamb declined. A fair domestic trade was reported early in October. Inventories of packing-house products in the United States had decreased to a very low level by October 1. Holdings of beef and lamb, however, exceeded those of September 1 and stocks of beef, lamb, and miscellaneous meats continued above the corresponding date of 1929 and the five-year average.

Shipments for export totaled less in September than in the preceding month, and there was a corresponding decline in stocks of American products already abroad on October 1. Export trade remained dull, largely the result of a large supply of European pork products, the business depression in foreign countries, and low prices asked for competitive vegetable fats. Foreign purchases continued to be restricted to immediate requirements, and European prices remained somewhat below the Chicago parity.

CROP PRODUCTION

Estimated by the United States Bureau of Agricultural Economics as of October 1
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		
	FORECAST 1930	FINAL 1929	FORECAST 1930	FINAL 1929	5-Yr. Av. 1924-28
Corn.....	709,548	880,741	2,046,716	2,614,307	2,699,809
Oats.....	568,452	501,169	1,410,761	1,233,574	1,371,786
All Wheat.....	69,054	62,550	839,612	805,790	833,164
Barley.....	61,033(a)	58,481(a)	328,020	303,552	240,742
Rye.....	8,960(a)	8,618(a)	46,655	40,533	50,851
Buckwheat.....	834(a)	1,098(a)	8,732	11,520	13,786
Flaxseed.....	344(b)	214(b)	25,165	16,844	23,816
Potatoes (white).....	38,661	44,914	352,206	359,796	392,605
Potatoes (sweet).....	1,290(c)	1,585(c)	67,666	84,661	74,141
Sugar beets*.....	574(d)	356(d)	8,415	7,318	7,389
Apples.....					
(total crop).....	13,226(a)	16,784(a)	153,369	142,078	180,262
Peaches.....	678(e)	5,197(e)	49,255	45,789	56,821
Pears.....	1,280(e)	1,440(e)	24,969	21,563	21,484
Grapes*.....	87(a)	86(a)	2,350	2,098	2,339
Cabbage*.....	211(a)	181(a)	961	1,070
Onions.....	7,291(a)	5,431(a)	26,459	25,554
Cranberries**.....	42(f)	42(f)	563	547
Dry Beans.....	5,237(d)	5,767(d)	20,834	19,693	17,323
Broom Corn*.....	7(g)	5½(g)	49½	47	51
Tobacco**.....	46,376	46,360	1,496,780	1,519,081	1,302,463
All Tame Hay*.....	16,722	23,333	84,071	101,786	93,630

*In thousands of tons. **In thousands of pounds. ***In thousands of barrels. (a) Five states including Seventh Federal Reserve district. (b) Wisconsin and Iowa. (c) Indiana, Illinois, and Iowa. (d) Wisconsin and Michigan. (e) Indiana, Illinois, Michigan, and Iowa. (f) Wisconsin. (g) Illinois.

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, September 1930.....	225	654	443	84
Federally Inspected Slaughter, United States September 1930.....	760	2,773	1,591	374
August 1930.....	700	2,724	1,413	363
September 1929.....	753	3,104	1,317	365

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED OCT. 18 1930	SEPTEMBER 1930	MONTHS OF AUGUST 1930	SEPT. 1929
Native Beef Steers (average).....	\$10.75	\$10.90	\$ 9.55	\$13.60
Fat Cows and Heifers.....	8.35	7.80	7.20	9.30
Calves.....	11.00	11.90	11.95	17.00
Hogs (bulk of sales).....	9.50	10.00	9.60	9.95
Yearling Sheep.....	6.10	6.25	7.05	9.00
Lambs.....	7.55	8.00	9.05	12.90

DAIRY PRODUCTS

Creamery butter production in the Seventh Federal Reserve district showed a further recession of 15 per cent in September and totaled 8 per cent less than a year ago, but was only slightly below the customary level of the month, the decline from the comparatively low production of August being less than seasonal. Sales decreased 14½ per cent in September and totaled 3 per cent under the volume of a year ago. Weekly statistics of the American Association of Creamery Butter Manufacturers indicate that production of butter in the United States declined to a lesser degree than in this district. Inventories of the commodity at cold-storage warehouses and packing plants in the United States were reduced on October 1, remaining at a lower level than last year or the 1925-29 average for the month. Prices showed little change from the preceding month and continued below a year ago.

The production of American cheese in Wisconsin, as evidenced by receipts at primary markets within that state, was smaller than at any time since March, totaling 19½ per cent less from September 1 to October 4 than in the preceding five weeks and 14½ per cent below the corresponding period of 1929. Diversion of some milk ordinarily used in cheese making to the butter industry, failing pastures, lower prices than a year ago, and only a moderate demand for the manufactured product were largely responsible for these recessions. Redistribution of American cheese from Wisconsin centers decreased 22 per cent during the five weeks ended October 4 from the preceding period and was 12 per cent smaller in volume than a year ago. Stocks of cheese in the United States remained at a very high level on October 1, although some reduction was shown from the beginning of September. Quotations averaged higher than in August.

Industrial Employment Conditions

With few exceptions, reporting lines of industry in the Seventh district registered further declines in employment and payrolls during September. Coal mining, influenced by the usual fall demand, was the only group showing expansion in both number of workers and their earnings. A seasonal increase took place in textile employment, but wages totaled below the preceding month. Merchandising gained slightly in numbers but fell off in payrolls. In-

creased payrolls with a reduction in wage earners were reported in the food products, stone, clay and glass, and chemicals groups. Most significant declines were in paper and printing, lumber, vehicles, leather products, and construction. In the total for manufacturing, September represented the seventh consecutive recession in both number of employees and wages. In the total of all groups no increase has been recorded since September 1929 in wage earners and none since April 1930 in their earnings.

The Department of Agriculture reports some reduction in the farm labor surplus on October 1 as compared with a month previous for the country as a whole and for the north central section. On October 1 the ratio of supply to demand was 145 for the north central states and 141 for the entire United States, compared with September 1 figures of 148 and 147. Increased demand in Illinois and Indiana was responsible for reduced surpluses in these states, while Michigan, Wisconsin, and Iowa showed slightly increased surpluses.

Reports of free employment offices are summarized in the following table:

REGISTRATIONS PER 100 POSITIONS AVAILABLE AT FREE EMPLOYMENT OFFICES

MONTH	ILLINOIS	INDIANA	IOWA	WISCONSIN
1930 September.....	230	154	312	188
August.....	234	161	263	162
1929 September.....	136	107	209	117
August.....	137	119	196	117

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

Output of automobiles in the United States declined very slightly in September—less than usual for the month—but the aggregate continued well below the corresponding month a year ago. Passenger cars produced totaled 180,547, a reduction of 3½ per cent in the monthly comparison and 50 per cent under a year ago. In the first three quarters of 1930, output aggregated 2,485,049, which is 38 per cent less than in the same period of 1929 and compares with 3,087,803 in the five-year average for the period. Trucks produced during September numbered 41,975, representing a gain of 17½ per cent over the preceding month and a decline of 18½ per cent from September last year. For the nine months of 1930, output totaled 437,420, or 31 per cent smaller than in the corresponding period of 1929 and comparing with 446,712 in the five-year average for the three quarters.

Distribution, both wholesale and retail, of new auto-

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUP	WEEK OF SEPTEMBER 15, 1930			CHANGES FROM AUGUST 15	
	REPORTING FIRMS No.	WAGE EARNERS No.	EARNINGS ('000 OMITTED) \$	WAGE EARNERS %	EARNINGS %
Metals and Products ¹	535	158,410	4,180	-1.7	-1.3
Vehicles.....	72	31,839	790	-2.6	-8.3
Textiles and Products.....	133	27,035	567	+0.6	-7.0
Food and Products.....	313	50,992	1,313	-1.5	+4.9
Stone, Clay and Glass.....	114	12,322	331	-1.2	+1.5
Lumber and Products.....	237	24,586	503	-4.2	-6.1
Chemical Products.....	67	10,179	252	-1.0	+0.4
Leather Products.....	70	16,561	318	-1.0	-6.7
Rubber Products ²	7	3,209	52	-2.8	-10.3
Paper and Printing.....	253	32,399	958	-4.9	-4.5
Total Mfg., 10 Groups.....	1,801	367,532	9,264	-2.0	-2.2
Merchandising ³	162	28,751	743	+0.8	-1.6
Public Utilities.....	78	96,347	3,230	-0.9	-0.6
Coal Mining.....	33	9,011	225	+24.8	+52.4
Construction.....	198	14,089	433	-12.4	-5.0
Total Non-Mfg., 4 Groups.....	471	148,198	4,631	-0.6	+0.5
Total, 14 Groups.....	2,272	515,730	13,895	-1.6	-1.3

¹ Other than Vehicles. ² Wisconsin only. ³ Illinois and Wisconsin.

MIDWEST DISTRIBUTION OF AUTOMOBILES
Changes in September 1930 from Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	AUGUST 1930	SEPTEMBER 1929	AUGUST 1930	SEPTEMBER 1929
New cars				
Wholesale—				
Number sold.....	-22.6	-54.4	26	25
Value.....	-22.0	-53.1	26	25
Retail—				
Number sold.....	-24.2	-40.5	53	52
Value.....	-18.1	-41.2	53	52
On hand Sept. 30—				
Number.....	-10.0	-27.5	54	53
Value.....	-4.9	-18.2	54	53
Used cars				
Number sold.....	-13.8	-11.7	54	53
Salable on hand—				
Number.....	-1.2	-7.9	54	53
Value.....	+4.3	-23.2	54	53

mobiles in the Middle West declined as is usual between August and September, and used car sales were also less. Comparisons with 1929 are still unfavorable, though no more so than a month previous. Dealers' stocks of new cars were again reduced during September and remained smaller than a year ago; used car stocks increased slightly in value over the end of August. Deferred payment sales constituted 49 per cent of the total retail sales of twenty-seven dealers during September, which compares with 51 per cent for the same dealers a month previous and with 50 per cent last September.

IRON AND STEEL PRODUCTS

Little improvement appeared during September and early October in conditions in the Chicago steel market. Mills increased operations slightly between the early part of September and the end of the month from about 57 per cent to 59 per cent of capacity, but the rate had declined slightly again by the middle of October to 55 per cent. Pig iron production fell off further during September. Output of both steel and iron was considerably below the level of a year ago. Prices of finished steel products in this district held fairly steady during September and the first half of October, as did those of pig iron, but scrap iron and steel prices have weakened recently.

Activity at steel casting foundries of the Seventh district averaged only about half as great in September this year as in the same month of 1929, while that at malleable casting foundries was approximately two-fifths as great. In the comparison with the preceding month, orders, shipments, and production of steel castings declined as is usual during the period. Shipments and production of malleable castings showed a slight gain over August, but orders booked were somewhat smaller. Reporting stove and furnace manufacturers in the district received orders totaling 40 per cent more in value than a month previous and increased their shipments over 20 per cent—a seasonal trend; both of these items, however, continued well below a year ago.

FURNITURE

Furniture manufacturers in the Seventh Federal Reserve district continued to accelerate production during the month of September, the rate of operations sustained averaging six points higher than the 51 per cent of capacity maintained the preceding month. Orders booked rose 39 per cent, which is about three times the usual August-to-September increase, and the decline from the corresponding month of 1929 of 35 per cent was the smallest since March. September shipments totaled approximately 15 per cent above those of August, increasing a little more than average for the period, so that the difference between the aggregate of orders booked and shipments made during the month was very small effecting, in conjunction with a fairly large volume of cancellations, only a slight gain in unfilled orders. Cumulative shipments from the first of the year to date continue to approximate 65 per cent of the 1929 volume during the same period.

Building Material, Construction Work

A seasonal increase was shown during September in the value of retail lumber sales by reporting yards in this district, but the continued limited demand and low price levels are reflected in a 25 per cent decline from a year ago, which, however, is less than in the first two months of the third quarter compared with July and

August 1929. Retailers have adjusted their buying to the reduced consumption, yard stocks in most sections of the Seventh district, as indicated by a report of the National Lumber Manufacturers Association, averaging lower than for the country as a whole. For all reporting mills in the country production has recently been curtailed in line with orders and shipments, but has not yet affected stock accumulations of past months, which are greatly in excess of last year. The aggregate business of nineteen reporting wholesalers in the Seventh district rose slightly over August; individually, eleven of the firms showed increases.

Production and shipments of cement during September at midwestern mills declined from the August volume by 11 and 12 per cent, respectively. Stocks also were reduced 12 per cent, but in the comparison with a year ago an excess of 87 per cent was recorded, which is higher than that for any month in 1930 over the corresponding month of 1929. In August, distribution of cement in the five states including this district was 21 per cent below August 1929, bringing the total for eight months of 1930 to 9 per cent less than in the same period of last year. Brick yards continue to report activity as about one-half the 1929 level, the demand from the building trades being very limited and sales of drain tile adversely affected by the generally dry season.

Prices of building materials on September 1 averaged about the same as a month previous, but declines to the July level in several items which were quoted higher on August 1 indicate that the basis for a general increase had not then been established.

BUILDING CONSTRUCTION

Total building contracts awarded in the Seventh Federal Reserve district during September again registered a small gain over the preceding month. Residential contracts, however, increasing more than 20 per cent over the August figure, reflected the first gain in the monthly comparison since April.

BUILDING CONTRACTS AWARDED*

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
September 1930.....	\$60,118,728	\$13,034,320
Change from August 1930.....	+3%	+22%
Change from September 1929.....	-41%	-57%
First nine months of 1930.....	\$586,505,561	\$127,575,252
Change from same period 1929.....	-38%	-62%

*Data furnished by F. W. Dodge Corporation.

Permits issued in 102 cities of the district during September likewise showed gains over August of 9 per cent in number and 18 per cent in estimated cost of proposed work. In the year ago comparison, declines of 49 and 34 per cent, respectively, were recorded. The total value of

WHOLESALE AND RETAIL LUMBER TRADE

CLASS OF TRADE	SEPT. 1930: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	AUGUST 1930	SEPT. 1929	
Wholesale trade:			
Sales in dollars.....	+1.2	-38.0	19
Sales in board feet.....	+7.4	-34.1	15
Accounts outstanding ¹	+1.7	-37.2	15
Retail Trade:			
Sales in dollars.....	+9.0	-25.2	238
Accounts outstanding ¹	+2.6	-9.6	225
Ratio of accounts outstanding ¹ to dollar sales during month			
	SEPT. 1930	AUGUST 1930	SEPT. 1929
Wholesale trade.....	156.4	155.0	155.4
Retail trade.....	295.2	316.6	247.8

¹End of month.

permits issued in Chicago exceeded by 18 per cent that of a year ago—the result of one permit for a large high school.

Merchandising

Increased activity in the merchandising of commodities in the Seventh district took place in September over August; as compared with the corresponding month a year ago, however, statistics failed to reflect gains. In reporting lines of wholesale trade, the expansion was largely seasonal in character except in shoes; declines from last September ranged from only 4 per cent in groceries to 39 per cent in dry goods, as may be noted in the accompanying table. In the first three quarters of 1930, grocery sales totaled 2 per cent under the same period of 1929, hardware sales were 23 per cent less, dry goods 29 per cent, drugs 11 per cent, shoes 31 per cent, and electrical supply sales 22 per cent smaller. In general, prices continued weak.

A gain of 30 per cent for September over August in Seventh district department store trade represented the second consecutive monthly increase. The expansion was somewhat more than seasonal, the increase for the same period of the previous eight years averaging about 25 per cent. Detroit stores sold goods aggregating 59 per cent more in value than a month previous, Indianapolis sales were 54 per cent larger, Milwaukee 35 per cent, Chicago 22 per cent, and sales by stores in other cities 6 per cent heavier. The decline for the district from the corresponding month of 1929 averaged 16 per cent against 17½ per cent in the same comparison for August, while the decrease of 12 per cent in sales for the year to date from the same nine months of 1929 was very slightly

smaller than for the eight months' period. An increase took place in stocks between the end of August and the end of September, which is usual at this season. Inventories continued to average below a year ago, however, and the September rate of turnover was about the same as for last September, although the rate for the first three quarters of the year of 2.60 times compares with 2.85 over the corresponding period of 1929.

Sales of shoes at retail by dealers and department stores expanded 58 per cent in September over the preceding month, though totaling 9 per cent below last September, while sales for the year to date were 10 per cent smaller; department stores were largely responsible for the gain shown in the monthly comparison, as the majority of dealers reported declines. An expansion of 52 per cent took place between August and September in sales of furniture and house furnishings by retail dealers and department stores; the decline from last September averaged 26 per cent. Installment sales by furniture dealers totaled only 19 per cent more than in the preceding month and were 36 per cent below a year ago.

In September chain store trade, grocery chains showed increased aggregate sales over August and over September 1929; five-and-ten-cent store, shoe, and men's and women's clothing sales were smaller in both comparisons; drug and cigar chains reported a decline from the preceding month but an increase over a year ago, while musical instruments and furniture showed an opposite trend. With a few minor exceptions, average sales per store were smaller in all groups than a month or year previous.

WHOLESALE TRADE IN SEPTEMBER 1930

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCTS. OUTSTANDING TO NET SALES
	NET SALES	STOCKS	ACCTS. OUTSTANDING	COLLEC- TIONS	
Groceries.....	-3.6	-4.8	-9.3	-1.4	88.8
Hardware.....	-29.6	-14.7	-22.5	-22.4	229.1
Dry Goods.....	-38.9	-18.8	-27.5	-28.9	316.1
Drugs.....	-12.7	-10.0	-7.0	-15.2	145.6
Shoes.....	-30.2	-8.3	-14.0	-15.7	345.1
Electrical Supplies.....	-34.8	-27.5	-27.7	-28.7	155.8

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	September 1930	August 1930	September 1929	August 1929
Meat Packing—(U. S.)—					
Sales (in dollars).....	64	102	98	126	119
Casting Foundries—					
Shipments:					
Steel—in dollars.....	15	46	57	85	94
In tons.....	15	48	62	88	100
Malleable—in dollars.....	23	33	32	78	89
In tons.....	23	48	46	105	124
Stoves and Furnaces—					
Shipments (in dollars).....	11	130	102	191	137
Furniture—					
Orders (in dollars).....	26	70	56	117	104
Shipments (in dollars).....	26	73	60	133	119
Flour—					
Production (in bbls.).....	27	121	116	106	113
Output of Butter by Creameries—					
Production.....	72	97	115	106	133
Sales.....	74	95	111	98	119
Automobile Production (U. S.):					
Passenger Cars.....	62	62	64	124	151
Trucks.....	111	95	95	137	151
Building Construction—					
Contracts Awarded (in dollars):					
Residential.....	44	37	104	105	
Total.....	88	86	150	147	

DEPARTMENT STORE TRADE IN SEPTEMBER 1930

LOCALITY	PER CENT CHANGE FROM SEPTEMBER 1929		PER CENT CHANGE FIRST NINE MONTHS 1930 FROM FIRST NINE MONTHS 1929		RATIO OF SEPT. COL- LECTIONS TO ACCOUNTS OUTSTANDING AUGUST 30	
	NET SALES	STOCKS END OF MONTH	NET SALES		1930	1929
Chicago.....	-15.1	-11.4	-10.3		31.2	33.5
Detroit.....	-21.3	-15.0	-19.5		34.4	41.6
Indianapolis.....	-13.0	-12.6	-9.4		37.5	36.8
Milwaukee.....	-10.5	-6.5	-6.8		32.3	34.2
Other Cities.....	-13.3	-11.2	-10.0		34.0	37.5
7th District.....	-16.0	-11.7	-12.0		34.0	37.5

	No. of Firms	September 1930	August 1930	September 1929	August 1929
Wholesale Trade—					
Net Sales (in dollars):					
Groceries.....	31	103	99	107	104
Hardware.....	14	75	66	106	102
Dry Goods.....	9	71	58	113	96
Drugs.....	14	93	88	108	112
Shoes.....	8	78	77	112	118
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago.....	30	94	79	113	94
Detroit.....	4	165	104	211	136
Indianapolis.....	5	114	74	131	88
Milwaukee.....	5	107	80	120	94
Other Cities.....	51	86	82	98	94
Seventh District.....	95	108	84	130	101
Iron and Steel—					
Pig Iron Production:*					
Illinois and Indiana.....	82	91	135	144	
United States.....	77	83	119	123	
Steel Ingot Production—(U.S.)*	83	89	136	137	
Unfilled orders U.S. Steel Corp.	72	75	82	77	

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

VOLUME of factory production increased by about the usual seasonal amount in September, while factory employment increased somewhat less than in other recent years. The general level of prices, which had advanced during August, declined during September and the first half of October. At member banks in leading cities there was a liquidation of security loans, and a considerable growth in commercial loans and in investments.

INDUSTRIAL PRODUCTION AND EMPLOYMENT

Output of factories increased seasonally in September, while that of mines declined. The Board's seasonally adjusted index of production in factories and mines, which had shown a substantial decrease for each of the preceding four months, declined by about one-half per cent in September. Production of iron and steel, lumber, and cement decreased and the output of automobiles continued to be in small volume. Activity in the textile industries, including cotton, wool, and silk, increased substantially, and stocks of cotton cloth were further reduced. At bituminous coal mines there was an increase in output of more than seasonal amount; output of copper was larger than in August, and there was a further increase in stocks of copper. Anthracite coal and petroleum production, and shipments of iron ore declined. Employment in manufacturing establishments increased less than is usual at this season, the increase being chiefly in fruit and vegetable canning and in clothing industries, while reductions in number of employees were reported for the iron and steel, automobile, and lumber industries. Outside of factories, increased employment was reported in retail establishments and coal mines.

Residential building increased materially in September, contrary to the usual trend, while the volume of contracts for commercial buildings and public works and utilities decreased. Total value of building contracts awarded, as reported by the F. W. Dodge Corporation, showed little change during the month. In the first ten days of October there was an increase in the daily average volume of contracts awarded.

Department of Agriculture estimates based on October 1 condition indicate somewhat larger crops than the estimates made a month earlier for cotton, corn, oats, hay, potatoes, and tobacco.

DISTRIBUTION

Freight carloadings continued at low levels during September, the increases reported for most classes of freight being less than ordinarily occur in this month. Dollar volume of department store sales increased by nearly 30 per cent, an increase about equal to the estimated seasonal growth.

WHOLESALE PRICES

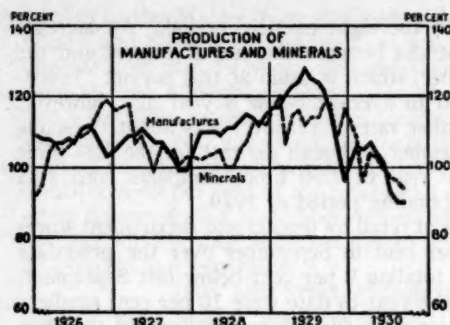
The index of wholesale prices on the average for the month of September as a whole, according to the Bureau of Labor Statistics, was at about the same level as in July and August. The movement of prices, however, was upward in August, reflecting chiefly advances in the prices of live stock and meats, while in September the movement was downward, reflecting declines in a large number of commodities, including grains, live stock, meats, cotton, and copper. In the first half of October, there were wide fluctuations in many agricultural prices, decreases in prices of non-ferrous metals, and considerable increases in the prices of sugar and coffee.

BANK CREDIT

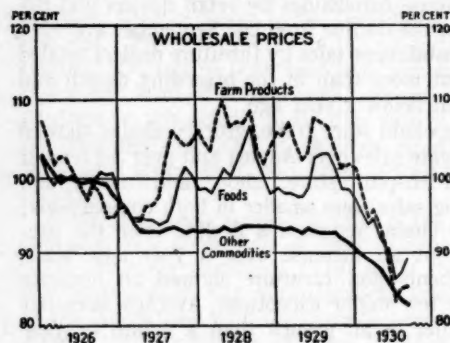
Security loans of reporting member banks in leading cities increased in the latter part of September, but declined rapidly early in October, the decline reflecting a large volume of liquidation in loans to brokers and dealers in securities. Commercial loans, which up to the last week in September had not shown the usual seasonal growth, increased by \$150,000,000 in the following three weeks. The banks' holdings of investments continued to increase.

In response to the seasonal demand for currency, outstanding volume of reserve bank credit showed an increase of \$38,000,000 on the average between the weeks ending September 20 and October 18.

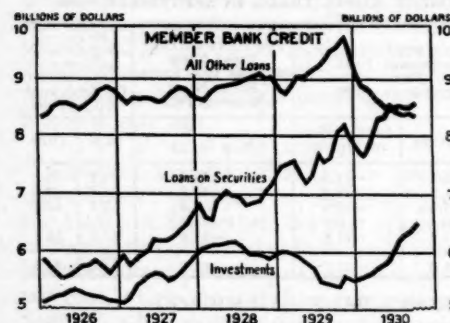
Money rates in the open market continued at low levels. The yield on high grade bonds declined further until early in October, when bond prices declined and there was a corresponding rise in yields.



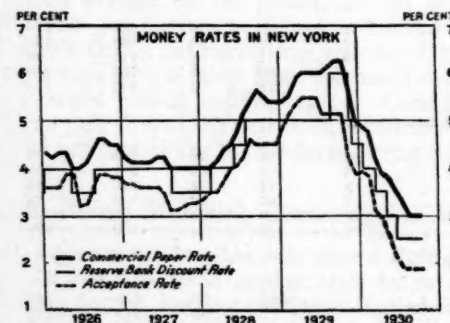
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average = 100).



Indexes of the U. S. Bureau of Labor Statistics (1926 = 100).



Monthly averages of weekly figures for reporting member banks. Latest figures, averages of first three weeks in October 1930.



Monthly rates in the open market in New York: commercial paper rate on 4- to 6-month paper; acceptance rate on 90-day bankers' acceptances.

